

FISCAL NOTE

SB 940 - HB 1731

March 16, 2007

SUMMARY OF BILL: Requires each local education agency (LEA) to use a portion of its BEP medical insurance component to pay at least 30% of health insurance premium costs for support or non-professional personnel participating in the health insurance coverage offered by the board of education.

ESTIMATED FISCAL IMPACT:


Other Fiscal Impact – Approximately \$5,922,000 per year will shift from certain Local Education Agencies' BEP medical insurance component to fund at least 30% of health insurance premium costs for support or non-professional personnel.

Assumptions:

- According to the Office of the Comptroller, and based from a sample of ten LEAs, only one was not paying at least 30% of the health insurance premium for its support and non-professional employees. Therefore, 10% of all LEAs do not pay at least 30% of the premium.
- Support and non-professional employees, of the LEAs that do not pay at least 30% of the premiums, are required to pay 100% of their premium.
- The 2006 annual statistical report from the State of Tennessee Education website revealed approximately 30,000 LEA support employees statewide.
- Number of employees estimated to be 3,000 ($30,000 \times 10\% = 3,000$).
- According to the Office of the Comptroller, the total blended premium is estimated to be \$6,581 per year.
- 30% of the estimated blended premium is \$1,974 ($\$6,581 \times 30\% = \$1,974$).
- The amount of BEP funding estimated to shift from other authorized purposes is estimated to be \$5,922,000 per year ($3,000 \times \$1,974 = \$5,922,000$).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director